

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

INTERMOUNTAIN POWER AGENCY)	
)	232472
Complainant,)	
)	
v.)	Docket No. 42136
)	ENTERED
UNION PACIFIC RAILROAD COMPANY,)	Office of Proceedings
)	June 19, 2012
)	Part of
Defendant.)	Public Record
)	

UNION PACIFIC'S ANSWER

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v.)	Docket No. 42136
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UNION PACIFIC RAILROAD COMPANY,)	
)	
Defendant.)	
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UNION PACIFIC’S ANSWER

Defendant Union Pacific Railroad Company (“UP”) hereby answers the Complaint filed by complainant Intermountain Power Agency (“IPA”) in this proceeding. UP denies all of the allegations in the Complaint except where this Answer specifically states otherwise. UP responds to the allegations in each separately numbered paragraph of the Complaint as follows:

1. UP admits that the Intermountain Power Project (“IPP”) is located near Lynndyl, Utah, which is in Millard County. UP denies the remaining allegations in Paragraph 1 because it lacks knowledge or information sufficient to form a belief as to their truth.

2. UP denies the allegations in Paragraph 2 because it lacks knowledge or information sufficient to form a belief as to their truth.

3. UP admits that it provides common carrier service and engages in the transportation of freight in interstate commerce. UP further admits that it is subject to certain provisions of the ICC Termination Act and, in certain circumstances, to the jurisdiction of the Surface Transportation Board (“Board”). The scope of the ICC Termination Act and the Board’s

jurisdiction are questions of law to which no response is required; to the extent a response is required, UP denies the allegations. UP denies the remaining allegations in Paragraph 3.

4. UP admits the allegations in Paragraph 4.

5. UP admits the allegations in Paragraph 5, except that UP denies that it has acknowledged that IPA was entitled to file a new complaint before its complaint in Docket No. 42127 has been dismissed.

6. Paragraph 6 states legal conclusions to which no response is required; to the extent a response is required, UP denies the allegations in Paragraph 6.

7. UP denies the allegations in Paragraph 7 because it lacks knowledge or information sufficient to form a belief as to their truth.

8. UP denies the allegations in the first sentence of Paragraph 8 that IPA has a long-term contract with Utah Railway Company (“URC”) because it lacks knowledge or information sufficient to form a belief as to their truth. UP admits that it has interchanged coal with URC at Provo, Utah, for delivery to IPP. UP admits the allegation in the final sentence of Paragraph 8.

9. UP admits the allegation in the second sentence of Paragraph 9. UP denies the allegations in the first and third sentences of Paragraph 9 because it lacks knowledge or information sufficient to form a belief as to their truth. The fourth sentence of Paragraph 9 states a legal conclusion to which no response is required; to the extent that a response is required, UP denies the allegation in the fourth sentence of Paragraph 9. UP denies the allegation in the final sentence of Paragraph 9 and denies that it has any relevance to this proceeding.

10. UP admits the allegations in Paragraph 10.

11. UP admits the allegations in Paragraph 11.

12. UP admits the allegations in Paragraph 12.

13. UP denies the allegations in the first sentence of Paragraph 13. UP avers by way of further response that the challenged rates may exceed 180% of the variable costs of providing service, as calculated using the method adopted in STB Ex Parte No. 657 (Sub-No. 1), *Major Issues in Rail Rate Cases*. The second sentence of Paragraph 13 states a legal conclusion to which no response is required; to the extent that a response is required, UP denies the allegation in the second sentence of Paragraph 13. UP admits the allegation in the final sentence of Paragraph 13 but denies that it is relevant to this proceeding.

14. Paragraph 14 states a legal conclusion to which no response is required; to the extent a response is required, UP denies the allegations in Paragraph 14.

15. Paragraph 15 states a legal conclusion to which no response is required; to the extent a response is required, UP denies the allegations in Paragraph 15.

16. Paragraph 16 states a legal conclusion to which no response is required. However, UP avers by way of further response that, if this case is not dismissed on the basis of lack of market dominance or other grounds, the reasonableness of the challenged rates should be examined using the Board's stand-alone cost methodology.

17. Paragraph 17 states a legal conclusion to which no response is required; to the extent a response is required, UP denies the allegations in Paragraph 17.

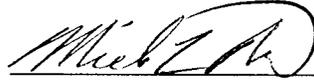
18. Paragraph 18 states a legal conclusion to which no response is required; to the extent a response is required, UP denies the allegations in Paragraph 18.

In response to the unnumbered paragraph that follows Paragraph 18, UP denies that an order granting any relief sought by IPA in this proceeding would be appropriate.

WHEREFORE, UP requests that the Complaint be dismissed with prejudice and that no relief of any kind be awarded to IPA, that UP be awarded its costs, and that the Board grant UP such other and further relief as may be appropriate.

Respectfully submitted,

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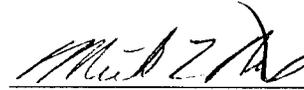
*Attorneys for Union Pacific
Railroad Company*

June 19, 2012

CERTIFICATE OF SERVICE

I hereby certify that on June 19, 2012, a true and correct copy of Union Pacific's Answer was served by hand and e-mail on:

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